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On July 3, officials reported that the International Monetary Fund (IMF) had suspended disbursement of $800 million in loan monies this year, result of the government’s failure to implement fiscal and financial reforms according to a timetable contained in the 1989 agreement. Planning Minister Miguel Rodriguez Mendoza is scheduled to attend a July 15 meeting with IMF officials in Washington. The purpose of the meeting is to examine the 1991 fiscal deficit, and the failure of the national congress to approve a value added tax worth an expected 12 billion bolivars (about $218 million) in revenue. The IMF is demanding a 40 billion bolivar ($727 million) budget reduction in the second half of 1991. Caracas is willing to implement spending cuts totaling 20 billion bolivars. Venezuela's 1991 budget is estimated at $15 billion, calculated on the basis of an average 1.9 million barrels per day in crude exports at a price of $19 per barrel. The average price of exported crude thus far this year is $16.50 per barrel. The government plans to raise oil production to 2.3 million bpd in the second half of the year. Experts argue that increased production will not compensate for price deterioration. Chief foreign debt negotiator Carlos Paul Delfino said loan disbursements by foreign commercial banks have also been delayed. In 1990, the government and foreign banks finalized an agreement on restructuring $20 billion in public debt. Under terms of the agreement, Venezuela's debt service payments were to be reduced by almost 50%. (Basic data from EFE, 07/03/91)

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